


ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM



November 7, 2018

To: Commissioners Schad, Carney and Jones

From: Robert J. Lichtenthal, Jr., Deputy Director 

Subject: Proposed Revisions to the Authority's Tariff effective January 1, 2019

The Erie County Water Authority is a Public Benefit Corporation formed in 1949 to provide a potable water supply to the residents of Erie County. The Authority was created by an Act of the New York State Legislature, codified in Sections 1050 through 1073 of Title 3 (the "Erie County Water Authority Act") of Article 5 of the Public Authorities Law of the State of New York (as amended), to, among other things, finance, construct, operate and maintain a water supply and distribution system to benefit the residents of the County of Erie, New York. The Authority became operational in 1953.

Section 1054 (10) gives ECWA the authority to do the following:

To make by-laws for the management and regulation of its affairs, and subject to agreements with bondholders, **rules for the sale of water and the collection of rents and charges therefor**. Such rules may provide for the discontinuance or disconnection of the supply of water for non payment of water rents, rates or charges. The authority shall not discontinue or disconnect the supply of water except in the manner and upon such notice as is required of a water-works corporation pursuant to subdivision three-a of section eighty-nine-b of the public service law. A copy of such rules and by-laws, and all amendments thereto, duly certified by the secretary of the authority shall be filed in the office of the clerk of the county and thereafter published once in two newspapers having a general circulation in the county. Violation of such rules shall be a misdemeanor punishable by fine, not exceeding fifty dollars, or by imprisonment for not longer than thirty days, or both. Exclusive jurisdiction is hereby conferred upon the local criminal courts of the county, outside the city of Buffalo, which have trial jurisdiction, to hear and determine, subject to the provisions of the criminal procedure law, any violation of this title.

These "rules for the sale of water and the collection of rents and charges therefor" is commonly referred to as the Authority's Tariff, similar to those used by traditional investor-owned utilities.

On an ongoing basis staff reviews the Tariff and its relevance with respect to the changing environment in which the Authority operates. From time to time recommendations are made to amend the Tariff to keep it current and to allow for more streamlined, effective and efficient operation of the Authority. Along with the changes

that will need to be made to the Tariff with respect to the rates the Authority will need to charge to support the 2019 budget plan, there are a number of areas of the Tariff that I and staff from the Finance and Legal Departments are proposing amendments to and recommend the Commissioner's to adopt the changes as proposed.

1. Section 2.00, Paragraph 2.11(H) and 2.11(I): A change in the order of these two sections is recommended. The language of the current "H" will become "I" and the language of the current "I" will become "H". This recommendation is for improved logical flow in reading and applying this section. There is no substantive change.
2. Section 2.00, Paragraph 2.11(I) (3): This paragraph will add the phrase "or pay more than the actual cost of said water". This language needs to be added to prevent one community from effectively blocking the Authority's ability to adequately and equitably serve a neighboring community. This paragraph will then be relabeled "H" as noted in #1 above.
3. Section 10.00, Paragraph 10.18(A): Add language to clarify the amount of the Maintenance Bond by adding the word "actual". New language is also added to clearly define the obligation of the Builder-Contractor-Developer to maintain and/or repair the facilities installed throughout a warranty period.
4. Section 10.00, Paragraph 10.18(B): A change is recommended to better define terms and to clearly define the obligation of the Builder-Contractor-Developer to ensure that there are no liens or other encumbrances on any facilities being transferred to the Authority.
5. Section 10.00, Paragraph 10.19: A change is recommended to revise the basis for the Maintenance and Payment Bonds from "estimated" to "actual" and to provide the Authority with the ability to review and verify the construction costs.

Within Section 14.00 of the Tariff there are other fees and charges for various items. At this time Staff is not recommending any modifications to these items. However, an internal review of Paragraph 14.16, Water Service Connection Fees, has begun. As the Small Services Contracts have recently been authorized to be put out to bid, the pricing that the Authority receives when the bids are returned will become an important part of the review. If there is a potential need to revise the charge it will be brought to the Board at that time.

If you have any questions please feel free to ask. The plan is to include these changes with the potential rate modifications that will be necessary to support the 2019 budget at a future meeting. The recommendation is that these changes be adopted within a time frame that they would be effective January 1, 2019.

2.00 AVAILABILITY AND TYPES OF SERVICE

SERVICE OF WATER TO PUBLIC CORPORATIONS AND SPECIAL IMPROVEMENT DISTRICTS AS THE SOLE WATER SUPPLY

- G. The purchaser understands and agrees to allow and permit the Authority to use the facilities of the district without the imposition of any rentals or other charges therefore and to transport water to areas located outside and beyond the limits of the district.
- H. The Municipal Corporation or Special Improvement District understands and agrees that in the event the Authority elects to repurchase water, the bill for water sold and delivered to the Purchaser will be adjusted as follows:
- (1) The quantity of water registered on each meter recording the delivery of water to the Authority will be separately billed to the Authority at the average rate water was sold to the Purchaser that month.
 - (2) The quantities of water delivered to the Purchaser will be determined by deducting all quantities of water delivered to the Authority from the quantities of water registered on all meters recording the delivery of water to the Purchaser. In doing so, the Authority agrees to give equitable effect to all minimum allowances.
 - (3) In no event will the Authority pay less than the actual cost of said water, *or pay more than the actual cost of said water*, to the Purchaser.
- I. In the event that the Authority exercises its rights to give notice of intent to renegotiate the existing contract for the furnishing and delivering of water to a Municipal Corporation or Special Improvement District and the corporation or special improvement district does not enter into a new contract by the expiration date, then the conditions outlined in Section 2.11, A-~~G~~H, will supersede any terms and conditions of the previous contract(s) which may exist as long as the Authority continues to provide water and until the Authority and the enter into a new contract.

10.00 EXTENSIONS OF MAINS

MAIN EXTENSION AGREEMENT (BUILDER-CONTRACTOR-DEVELOPER)

- 10.18** Within four (4) weeks of the date the Erie County Health Department certificate of acceptance is received, and prior to the date water service is begun, the applicant (Builder-Contractor-Developer) shall provide the Authority with the following:
- A. Maintenance bond in form satisfactory to the Authority and issued by a carrier satisfactory to the Authority in an amount of one hundred (100%) percent of the *actual* construction cost of the water mains and appurtenances ~~as estimated below~~. Said bond shall cover a period of twenty-four (24) months following completion of the installation of water mains and appurtenances. The completion date shall be established as the date of acceptance of the work by resolution of the Authority. *During this period, the applicant (Builder-Contractor-Developer) agrees to maintain and repair the watermains and appurtenances accepted by the resolution of the Authority. If the applicant defaults on its obligation, the Authority may seek to recover the cost for maintenance and repair from the carrier of the maintenance bond.*
 - B. ~~Labor and Material Payment B~~ bond in form satisfactory to the Authority and issued by a carrier satisfactory to the Authority in an amount of one hundred (100%) percent of the *actual* construction cost of the water mains and appurtenances ~~as estimated below~~. Said bond shall cover a period of twelve (12) months following completion of the installation of water mains and appurtenances. The completion date shall be established as the date of acceptance of the work by resolution of the Authority. *The applicant (Builder-Contractor-Developer) will provide the payment bond to insure all labor and materials supplied for the construction and installation of the watermains and appurtenances have been fully paid and that the Authority accepts such watermains and appurtenances without liens and other encumbrances.*
- 10.19** The Authority will *review and verify the actual* ~~approve the estimate of the~~ construction cost of the main and appurtenances. *The actual* ~~This estimated~~ cost will be used to determine the amount of the maintenance and ~~payment performance~~ bonds mentioned above, and for all other legal and administrative purposes. The *actual* ~~estimated~~ cost shall include the furnishing and installing of the pipe, valves, hydrants, paving and all other appurtenances required to *be completed before the work is accepted by resolution of the Authority* ~~the work~~.

13.00 CLASSIFICATION RATES AND CHARGES

SERVICE CLASSIFICATION NO. 1

13.01 The following classification of services rendered, facilities furnished hereunder and rates and charges therefore are hereby established.

A. SMALL METER CUSTOMERS - Installed Meter Sizes 5/8", 3/4" and 1"

COMMODITY VOLUMETRIC RATES:

Meters read and billed quarterly: (To Nearest Thousand Gallons)

~~\$3.23~~ 3.29 per 1000 gallons

Meters read and billed monthly: (To Nearest Thousand Gallons)

~~\$3.23~~ 3.29 per 1000 gallons

SIZE OF METER	QUARTERLY COMMODITY ALLOWANCE (IN GALLONS)	QUARTERLY MINIMUM COMMODITY CHARGE	QUARTERLY INFRASTRUCTURE INVESTMENT CHARGE	QUARTERLY MINIMUM CHARGE
5/8 inch	9,000	\$29.07 29.61	\$19.65	\$48.72 49.26
3/4 inch	9,000	29.07 29.61	19.65	48.72 49.26
1 inch	9,000	29.07 29.61	19.65	48.72 49.26

SIZE OF METER	MONTHLY COMMODITY ALLOWANCE (IN GALLONS)	MONTHLY MINIMUM COMMODITY CHARGE	MONTHLY INFRASTRUCTURE INVESTMENT CHARGE	MONTHLY MINIMUM CHARGE
5/8 inch	3,000	\$9.69 9.87	\$6.55	\$16.24 16.42
3/4 inch	3,000	9.69 9.87	6.55	16.24 16.42
1 inch	3,000	9.69 9.87	6.55	16.24 16.42

B. LARGE METER CUSTOMERS - Installed Meter Sizes 1 1/4" AND GREATER

COMMODITY VOLUMETRIC RATES:

Meters read and billed quarterly: (To Nearest Thousand Gallons)

~~\$2.89~~ 2.95 per 1000 gallons

Meters read and billed monthly: (To Nearest Thousand Gallons)

~~\$2.89~~ 2.95 per 1000 gallons

SIZE OF METER	QUARTERLY COMMODITY ALLOWANCE (IN GALLONS)	QUARTERLY MINIMUM COMMODITY CHARGE	QUARTERLY INFRASTRUCTURE INVESTMENT CHARGE	QUARTERLY MINIMUM CHARGE
1-1/4 inch	27,000	\$ 78.03 79.65	\$ 50.76 76.89	\$ 128.79 156.54
1-1/2 inch	39,000	112.71 115.05	50.76 76.89	163.47 191.94
2 inch	63,000	182.07 185.85	81.18 123.00	263.25 308.85
3 inch	120,000	346.80 354.00	152.22 230.64	499.02 584.64
4 inch	198,000	572.22 584.10	253.74 384.39	825.96 968.49
6 inch	390,000	1,127.10 1,150.50	507.42 768.75	1,634.52 1,919.25
8 inch	630,000	1,820.70 1,858.50	811.80 1,230.00	2,632.50 3,088.50
10 inch	900,000	2,601.00 2,655.00	1,167.00 1,768.14	3,768.00 4,423.14
12 inch	1,230,000	3,554.70 3,628.50	2,181.72 3,305.64	5,736.42 6,934.14
20 inch	2,820,000	8,149.80 8,319.00	9,389.52 14,226.48	17,539.32 22,545.48
24 inch	3,840,000	11,097.60 11,328.00	18,961.68 28,729.80	30,059.28 40,057.80

SIZE OF METER	MONTHLY COMMODITY ALLOWANCE (IN GALLONS)	MONTHLY MINIMUM COMMODITY CHARGE	MONTHLY INFRASTRUCTURE INVESTMENT CHARGE	MONTHLY MINIMUM CHARGE
1-1/4 inch	9,000	\$ 26.01 26.55	\$ 16.92 25.63	\$ 42.93 52.18
1-1/2 inch	13,000	37.57 38.35	16.92 25.63	54.49 63.98
2 inch	21,000	60.69 61.95	27.06 41.00	87.75 102.95
3 inch	40,000	115.60 118.00	50.74 76.88	166.34 194.88
4 inch	66,000	190.74 194.70	84.58 128.13	275.32 322.83
6 inch	130,000	375.70 383.50	169.14 256.25	544.84 639.75
8 inch	210,000	606.90 619.50	270.60 410.00	877.50 1,029.50
10 inch	300,000	867.00 885.00	389.00 589.38	1,256.00 1,474.38
12 inch	410,000	1,184.90 1,209.50	727.24 1,101.88	1,912.14 2,311.38
20 inch	940,000	2,716.60 2,773.00	3,129.84 4,742.16	5,846.44 7,515.16
24 inch	1,280,000	3,699.20 3,776.00	6,320.56 9,576.60	10,019.76 13,352.60

**C. PUBLIC CORPORATIONS AND SPECIAL IMPROVEMENT DISTRICTS
PER SECTION 2, PARAGRAPHS 2.02B, 2.06-2.16**

COMMODITY VOLUMETRIC RATES:

Meters read and billed quarterly: (To Nearest Thousand Gallons)

~~\$2.53~~ 2.58 per 1000 gallons

Meters read and billed monthly: (To Nearest Thousand Gallons)

~~\$2.53~~ 2.580 per 1000 gallons

SIZE OF METER	QUARTERLY COMMODITY ALLOWANCE (IN GALLONS)	QUARTERLY MINIMUM COMMODITY CHARGE	QUARTERLY INFRASTRUCTURE INVESTMENT CHARGE	QUARTERLY MINIMUM CHARGE
1-1/4 inch	27,000	\$ 68.31 69.66	\$ 50.76 76.89	\$ 19.07 146.55
1-1/2 inch	39,000	98.67 100.62	50.76 76.89	149.43 177.51
2 inch	63,000	159.39 162.54	81.18 123.00	240.57 285.54
3 inch	120,000	303.60 309.60	152.22 230.64	455.82 540.24
4 inch	198,000	500.94 510.84	253.74 384.39	754.68 895.23
6 inch	390,000	986.70 1,006.20	507.42 768.75	1,494.12 1,774.95
8 inch	630,000	1,593.90 1,625.40	811.80 1,230.00	2,405.70 2,855.40
10 inch	900,000	2,277.00 2,322.00	1,167.00 1,768.14	3,444.00 4,090.14
12 inch	1,230,000	3,111.90 3,173.40	2,181.72 3,305.64	5,293.62 6,479.04
20 inch	2,820,000	7,134.60 7,275.60	9,389.52 14,226.48	16,524.12 21,502.08
24 inch	3,840,000	9,715.20 9,907.20	18,961.68 28,729.80	28,676.88 38,637.00

SIZE OF METER	MONTHLY COMMODITY ALLOWANCE (IN GALLONS)	MONTHLY MINIMUM COMMODITY CHARGE	MONTHLY INFRASTRUCTURE INVESTMENT CHARGE	MONTHLY MINIMUM CHARGE
1-1/4 inch	9,000	\$ 22.77 23.22	\$ 16.92 25.63	\$ 39.69 48.85
1-1/2 inch	13,000	32.89 33.54	16.92 25.63	49.81 59.17
2 inch	21,000	53.13 54.18	27.06 41.00	80.19 95.18
3 inch	40,000	101.20 103.20	50.74 76.88	151.94 180.08
4 inch	66,000	166.98 170.28	84.58 128.13	251.56 298.41
6 inch	130,000	328.90 335.40	169.14 256.25	498.04 591.65
8 inch	210,000	531.30 541.80	270.60 410.00	801.90 951.80
10 inch	300,000	759.00 774.00	389.00 589.38	1,148.00 1,363.38
12 inch	410,000	1,037.30 1,057.80	727.24 1,101.88	1,764.54 2,159.68
20 inch	940,000	2,378.20 2,425.20	3,129.84 4,742.16	5,508.04 7,167.36
24 inch	1,280,000	3,238.40 3,302.40	6,320.56 9,576.60	9,558.96 12,879.00

SERVICE CLASSIFICATION NO. 3

C. Metered Hydrant Consumption

The following classification of services rendered, facilities furnished hereunder and rates and charges therefore are hereby established:

APPLICABLE TO USE OF SERVICE FOR:

Hydrant Meter and Backflow Device Metered Consumption

CHARACTER OF SERVICE:

Temporary and/or Seasonal

RATE:

~~\$3.23~~ 3.29 per 1000 gallons. A minimum charge of ~~\$161.50~~ 164.50 per hydrant meter device per permit period